BUDGET

1998 - 99

SPEECH OF

CHIEF MINISTER

Thiru M. KARUNANIDHI

Panguni 13, Thiruvalluvar Aandu 2029

27th March 1998

Speech of Thiru M. Karunanidhi, Chief Minister, Government of Tamil Nadu, presenting the Budget for 1998-99 to the Legislative Assembly on 27th March, 1998.

Hon'ble Speaker,

While presenting the budget before this House last year, while concluding my speech, I had stated thus:

> **" In the southern part of India, Thanjavur was the capital of the mighty Chola empire where their imperial flag with the Tiger insignia was flying high. In this Thanjavur region, I was born and brought up in a village called Thirukkuvalai, in a most backward family engaged in agriculture with proficiency in music. Even as a young boy, I had a deep sense of self-respect and love for the Tamil language. I became a true disciple of Thanthai Periyar and then the affectionate younger brother of Arignar Anna and eventually a kin of the Tamil people dedicating myself to work for their betterment. In my 73 years, I have spent six decades in the cause of public service. In all these years of my dedicated public life, I have made this long journey with a vow that "Even if I were to fall, let Tamil live". My sense of duty is such that even if I am thrown into the sea, I shall stay afloat like a catamaran for the Tamil people to ride upon. In my whole life I have had only one thought foremost in my mind, day in and day out, that is the right of the people belonging to the Scheduled Castes and Scheduled Tribes, Backward Classes and Most Backward Classes to**

live with dignity. I have considered myself fortunate to be a humble soldier in their formation. I have identified persons among the forward communities who have the ability and concern for the rights and progress of these people. With their help, I have striven for the prosperity of the downtrodden. Even in my dream my yearning is to fulfil my vow to see God in the smile of the poor. This budget was prepared to transform that dream into reality and out of my unquenchable zeal to see in my lifetime a peaceful, prosperous and intellectually vibrant Tamil Society. I place this Budget before this august House with the assurance that when the people, leaders of parties and the Hon'ble members comment on this Budget, I shall in accordance with the Kural,

" To discern the truth in everything, by whomsoever spoken, this is wisdom"

welcome the comments, rectify the defects and strive for perfection ". With the same determination, I hereby place before this House, the Revised Estimates for the year 1997-98 and the Budget Estimates for the year 1998-99.

2. Since the policies of this Government have been elucidated in the Governor's address, this budget contains concepts, new schemes, targets and activities to be implemented based on those policies.

3. In commemoration of the great author of Thirukural, Thiruvalluvar of world wide fame, this Government, which had built "Valluvar Kottam" in the State capital, had decided in the cabinet meeting held on 31st December, 1975 to instal a statue of Thiruvalluvar in the southern tip of the country at Kanyakumari and after having overcome the setbacks in the intervening period, the function to commence the construction work was conducted by this Government in 1990. I am very happy to announce that this work will be completed by the end of the next year.

This budget has been prepared without deviating from the important policy stated in the Governor's address:

> **"This Government has taken an important policy decision to focus on schemes which will provide basic facilities needed by the public such as food, clothing, shelter, drinking water, roads, education, public health and storm water drainage quickly rather than according priority to grandiose schemes which require many years for implementation".**

CENTRE STATE RELATIONS

4. Though the demand of this Government, which has been advocating autonomy for the States and federalism at the Centre, to devolve one third of the gross tax receipts of the Central Government to the States was not fully accepted, the United Front Government had agreed to devolve 29% of the gross tax receipts of the Central Government to the States with effect from 1.4.1996. We request the Central Government to implement this decision quickly.

5. It has been announced that the additional revenue to the Central Government on account of the Voluntary Disclosure of Income Scheme (VDIS), would be about Rs.10,500 crores. The former Union Finance Minister had stated that 77.5% of this amount would be devolved to the States, of which Rs.4,400 crores will be shared with the States in the current financial year and the balance during the next financial year. I welcome the acceptance by the present Union Finance Minister of the request that, having regard to the financial position of the States, the entire receipts should be shared this year itself.

LOCAL BODIES

6. Government will take a decision on the recommendations of the committee constituted to consider transfer of additional powers to the local bodies quickly.

7. During the current financial year, this Government has devolved a sum of Rs.663 crores, being 8% of State's tax revenue, to the local bodies. During the next financial year this will be increased to Rs.839 crores. Besides this, the Tenth Finance Commission grant of Rs.100 crores has been distributed to the local bodies. Last year this Government set up an Urban Development Fund for the first time in India to provide loans to the urban local bodies. We are likely to get a line of credit to the tune of Rs.800 crores from the World Bank and the financial institutions for augmenting the resources of this fund.

8. For the coming financial year, allocations of Rs.25 crores for Municipal Corporations other than Chennai, Rs.10 crores for Municipalities and Rs.25 crores for Town Panchayats have been made as was done in the past two years.

9. The changes introduced by this Government in the basis of levy of property tax in urban local bodies have provided a transparent, non-discretionary and equitable system of taxation. It includes a system of self assessment of their tax by the property owners. This new system will come into force from 1.10.1998.

ADMINISTRATIVE REFORMS

10. As announced in the last Budget, Government will take appropriate decisions after examining the recommendations of the commission constituted under the Chairmanship of the former Chief Secretary, Thiru Sabanayagam, to consider measures for avoidance of delays in revenue administration and delegation of powers to the officials functioning at different levels.

11. As announced in the last Budget, the High Level Committee on Prevention of Corruption constituted under the Chairmanship of Justice Thiru Ramanujam (retired) has suggested a draft legislation for setting up an Inquiry institution after studying the Lokpal Bill and has also made several other recommendations. These are under the examination of the Government.

12. A Bill on transparency in tenders has been sent to the Central Government for obtaining the approval of the President. On its receipt, the Bill will be introduced in the Legislative Assembly during the current session.

13. Ours is the first State in the country which has enacted the Right to Information Act. This will enable the public to obtain information relating to administration easily. Rules under this Act will be notified soon.

14. Offices and departments with public dealings will set up one stop information counters in their premises to provide information and render assistance to Public.

15. A new Ettayapuram taluk in Thoothukudi district with headquarters at Ettayapuram, two new taluks, Kundha and Pandalur, formed out of Udhagamandalam and Gudalur taluks in Nilgiris district, a new taluk in Nagapattinam district with headquarters at Tirukkuvalai, a new taluk in Salem district with headquarters at Vazhapadi, a new revenue division, Athur consisting of the two taluks of Athur and Gangavalli, formed by bifurcating Salem revenue division in Salem district, a new taluk with headquarters at Manamelkudi on bifurcation of Aavudaiyarkoil taluk, a new taluk with headquarters at Iluppur on bifurcation of Kulathur taluk in Pudukottai district, a new taluk on upgradation of Veerakeralampudur, the additional taluk in Tirunelveli district and a new taluk with headquarters at Alangulam in Tirunelveli district will start functioning from next year.

16. This Government has decided to merge 23 villages comprising 22 revenue villages in Sarugani sub taluk in Tiruvadani taluk and one village in Anandoor sub taluk in Ramanathapuram district with Devakottai taluk in Sivagangai district. By this, the long standing demand of the public in Sarugani area after the bifurcation of Ramanathapuram -Sivagangai districts has been fulfilled.

17. The Government had fixed a target of 75,000 free house site pattas to be distributed to the poor during the current financial year. On the occasion of Anna's death anniversary in February, 1998, it was planned to have a patta distribution week for issuing house site pattas to all unobjectionable encroachers of Government land. This could not be implemented because of the elections. Despite this, I am glad to announce that 2.03 lakh free house site pattas have been distributed to the poor till the end of February in the current financial year.

RURAL DEVELOPMENT AND EMPLOYMENT

18. A special financial allocation of Rs.52 crores was made for the '**Anna Marumalarchi Thittam**' which was announced and is being implemented by this Government during the current year. Under this scheme, 33,282 works at a total cost of Rs.224 crores have been taken up. Next year the special allocation for this scheme will be stepped up to Rs.75 crores. Similarly for the 'Namakku Naame' scheme, the current year's special allocation of Rs.5 crores will be increased to Rs.10 crores in the next year.

19. The 'Member of Legislative Assembly Constituency Development Scheme' with Rs.25 lakhs provided for each Constituency has been implemented in 1997-98 with an allocation of Rs.58.75 crores. The implementation of this scheme will be continued next year with an allocation of Rs.30 lakhs per Constituency.

20. There were 1,14,143 incomplete works started in 1995 and earlier years. By launching a special drive on a war footing 1,09,263 works comprising 80,610 group houses, 1,113 panchayat office buildings, 1,664 school buildings, 5,660 irrigation works, 1,517 noon meal centres, 2,135 road works and 16,564 other works have been completed.

21. The scheme for construction of free concrete houses for Adi-dravidars was started by this Government in 1974 for the first time in India. Only by following this "Indira Awaas Yojana" was formulated at all India level. During the last two years 1,27,832 houses have been constructed under Indira Awaas Yojana. But the Central Government has provided funds sufficient for construction of only 1,00,634 houses. However, this Government sanctioned Rs.45.40 crores for the completion of the additional 27,198 houses taken up under this scheme. Central Government's share towards this expenditure would be Rs.36.32 crores. We have requested the Central Government to release this amount. Next year, efforts will be made to construct 60,000 houses.

22. Employment Assurance Scheme implemented in 282 development blocks of the State has been extended to all the 385 development blocks in the State. During the current year, 4,668 black topped road works, 1,333 school buildings, 2,611 other buildings, 2,920

minor irrigation works and 5,930 water harvesting works have been taken up. The provision of Rs.34 crores as State's share for the Employment Assurance Scheme in 1997-98 has been increased to Rs.47.64 crores in 1998-99. The provision of Rs.46.78 crores as State's share in 1997-98 for Jawahar Velai Vaippu Thittam has been increased to Rs.55.09 crores in 1998-99.

23. During the current year under the Central Rural Sanitation programme, 48,000 household toilets and 700 toilets in schools are being constructed with an allocation of Rs.7.26 crores. Allocation for this scheme in the next year has been increased to Rs.13.26 crores.

24. The Government has sanctioned a sum of Rs.7.28 crores to erect 20,000 street lights in village panchayats during 1997-98. This work will be completed before the end of this month.

RURAL WATER SUPPLY

25. As assured in the last Budget, 154 rural habitations not having protected drinking water supply have been provided with this facility.

26. 4500 rural habitations getting less than 10 lpcd water, will be provided with a minimum supply of 40 lpcd during the current year. Next year the remaining 5398 habitations will be provided with this facility. For this purpose, the current year's outlay of Rs.250 crores for rural water supply is being increased to Rs.330 crores in next year.

27. A scheme to provide water supply to Kadayanallur area from Tamirabarani river, the Avinasi Athikadavu water supply scheme, the Nariyanur combined water supply scheme and Kollidam combined water supply scheme will be taken up for investigation next year.

URBAN WATER SUPPLY

28. The allocation for urban water supply schemes for towns other than Chennai would be increased to Rs.40 crores in 1998-99. Water supply schemes in 5 municipalities and 20 town panchayats will be completed during

1998-99. New water supply schemes will be taken up in 8 municipalities and 20 town panchayats.

29. Work on the Tiruppur Town Water Supply and Sewage Disposal Scheme in the private sector at a cost of about Rs.700 crores will commence next year.

30. From July to November, 1997, 2.09 TMC of Krishna water was received in Chennai. Since the reservoirs of the city had received sufficient water during the North East monsoon, the flow of Krishna water was stopped. With a view to preventing the seepage which occurred in the canal reaches in Andhra Pradesh, the works for strengthening the canal by lining the banks with cement have been taken up by that Government. After completion of this work, the supply of Krishna water will commence again from July this year. We have so far paid Rs.512 crores to Andhra Pradesh Government for this project.

31. An allocation of Rs.135 crores has been made for the next year for the Second Chennai Water Supply Project being implemented with World Bank assistance. For upgrading the water supply and solid waste management, the Third Chennai Water Supply project with an outlay of Rs.1,181 crores will commence from next year. Further, an allocation of Rs.150 crores has been made for implementing the assisted Sewerage Renovation project assisted by Overseas Economic Co-operation Fund of Japan.

32. A scheme to provide underground sewerage facilities to the municipal corporations of Coimbatore, Madurai and Tirunelveli, municipalities of Alandur, Pallavaram, Tambaram and Ambathur around Chennai and Erode and Karur municipalities at an estimated cost of Rs.269 crores will be implemented from the next year with assistance from Tamil Nadu Urban Development Fund .

URBAN DEVELOPMENT

33. In order to reduce the traffic congestion in Chennai city, a traffic action plan at a cost of Rs.366 crores will be implemented from next year. The scheme will include traffic management schemes, improvement of road

geometrics, traffic signals, pedestrian facilities, parking facilities, improved road lighting facilities and flyovers.

34. A scheme to upgrade important roads around Chennai at a cost of Rs.212 crores will be implemented with loan assistance from Housing and Urban Development Corporation (HUDCO) during next year.

35.. In the last Budget speech, I had mentioned that sanction had been accorded for schemes in Chennai Metropolitan area at a cost of Rs.326 crores. During the current financial year sanction has been accorded for additional schemes at a cost of Rs.60 crores. An expenditure of Rs.158 crores has been incurred and nine schemes have been completed so far.

36. The day to day life of the people, public health and the condition of the roads in Chennai city get badly affected during the monsoon. With a view to finding a solution to this problem, a major scheme has been taken up to enhance the utilisation of the city waterways, Buckingham canal, Coovum river, Adayar etc by desilting, deepening, prevention of the mixing of effluents, beautification of the surrounding environment, revival of transport in the waterways, establishment of recreational facilities and cleaning of the waterways using the sea water during high tides.

37. Tenders have been received from 13 consultancy firms to undertake consultancy work for preparing a master plan and implementation plan for this scheme. These offers are now under scrutiny by the evaluation committee. Decisions will be taken soon, after which implementation of this scheme will commence.

38. Apart from this, various flood control and drainage works in Chennai metropolitan area will be taken up at a cost of about Rs.300 crores.

PUBLIC DISTRIBUTION SYSTEM

39. As stated in the Governor's address the new two colour family cards system will be implemented from 1.6.1998 onwards in Chennai city and suburban areas and in a phased manner in other parts of the State.

40. Orders have been issued that all fair price shops should display the daily stock position and have a complaint book to enable registration by cardholders of complaints like underweighment and non supply of commodities.

41. Government has issued orders that Members of Parliament, Legislative Assembly, Mayors and members of Municipal Corporations, Chairmen and members of Muncipalities, Chairmen, Presidents and members of all other local bodies shall have a right to visit the fair price shops in their jurisdiction and to bring any deficiency to the attention of the District and Divisional Committees.

AGRICULTURE

42. The food grain production in our State which was 76.42 lakh tonnes in the last year is expected to increase to 94.92 lakh tonnes this year.

43. An allocation of Rs.82 crores has been made for the World Bank assisted Tamil Nadu Agricultural Development Project and Rs.9.85 crores for the Agricultural Human Resources Development Project.

44. As announced in the last Budget, the Agriculture Development Finance (Tamil Nadu) Limited established by NABARD in Tamil Nadu has started functioning at Chennai. The State Government has contributed Rs.1.8 crores as share capital to this company so far. The credit flow to high tech Agro based industries like Floriculture, Horticulture, Mushroom culture will increase. Loan assistance of Rs.6.46 crores has been sanctioned by this financial institution for five projects so far.

45. The report of the High Level Committee headed by Dr. V.C. Kulandaisamy on waste land and watershed development has been received and is being examined in consultation with the State Planning Commission. On the basis of recommendations of this committee, a major project to increase the productivity of rainfed agriculture will be implemented in the State.

IRRIGATION

46. The Water Resources Consolidation Project for modernising the irrigation systems and facilitating farmers participation in irrigation management is being implemented with financial assistance from the World Bank with an outlay of Rs.1140 crores. A sum of Rs.186 crores has been provided for this scheme in the next year. 43 works at an estimated cost of Rs.80 crores have commenced so far under this project. In the next financial year, 152 works at an estimated cost of Rs.352 crores will be taken up.

47. The Tank Modernisation project Phase II is being implemented at a cost of Rs.115 crores with financial assistance from the European Economic Community. Under this scheme, 288 tanks have been modernised so far. Allocation in 1998-99 for this project is Rs.12.89 crores.

48. The work of desilting of irrigation canals of Cauvery which had been neglected for a long time has been executed very well this year at a cost of more than Rs.10 crores. Next year, an allocation of Rs.20 crores has been made for this work and it will be completed before the water is released from the Mettur Dam.

49. A scheme for taking up desilting and rehabilitation work on Narayana Cauvery, Raghunatha Cauvery and Sankarathevan irrigation channels in Ramanathapuram district will be implemented from next year at a cost of Rs.7.41 crores. Besides improving the irrigation facilities this scheme will augment the drinking water supply in Kamudhi, Kadaladi, Mudukulathur and Sayalgudi areas.

FISHERMEN WELFARE

50. The Government incurred an expenditure of Rs.8.57 crores in the current year on the Savings and Relief scheme providing financial assistance to coastal fishermen in the months when they cannot go for fishing, benefiting 1.19 lakh fishermen. This scheme will be implemented next year also.

51. During this year, construction of 4,000 houses under Ma. Singaravelar fishermen housing scheme has been sanctioned at a cost of

Rs.12.8 crores and works are in progress. Under this scheme 4,000 more houses will be constructed next year with an allocation of Rs.13.15 crores.

52. With a view to encouraging the fishermen to use modern fibreglass catamarans, 100 fishermen will be given modern fibreglass catamarans costing Rs.50,000 each at a subsidised cost during next year.

ANIMAL HUSBANDRY

53. During the current year, 60 new veterinary dispensaries have been opened at a cost of Rs.1.48 crores. 20 Veterinary dispensaries have been upgraded as veterinary hospitals and 3 veterinary hospitals as clinician centres. Next year 30 more veterinary dispensaries will be opened at a cost of Rs.81 lakhs.

ROADS

54. During the current year, 216 villages are being provided with link roads at a cost of Rs.83.49 crores. During the next year, 301 villages will be provided with link roads at a cost of Rs.101.73 crores. With this, all the villages in our State with a population of more than 1,000 would have been provided with link roads. In the next phase, works to provide link roads to 4986 villages having a population of 500 to 1000 will be taken up.

55. The project for developing 750 kilometers of high traffic density highways with World Bank assistance at a cost of Rs.750 crores and the project for construction of 104 bridges with loan assistance from HUDCO and NABARD at a cost of Rs.360 crores will be implemented from next year.

56. In tune with the policy of the Central Government, under the scheme for widening, upgrading and maintenance of national highways, through the joint efforts of private sector and the Government, the following works will be taken up.

* Four laning of 55 KM of national highway between Mamandur and Tindivanam at a cost of Rs.200 crores.

* Four laning of 61 KM of national highway between Krishnagiri and Hosur at a cost of Rs.250 crores.

* Coimbatore byepass road at a cost of Rs.92 crores.

* New bridge at Karanodai at a cost of Rs.20 crores.

57. Work on the 19 KM long Chennai byepass road from Tambaram to Maduravoyal will commence in the coming year at a cost of Rs.43 crores. With a view to reducing traffic congestion in Madurai, the work on forming a byepass road connecting Madurai-Tiruchi road and Madurai-Kanyakumari road at a cost of Rs.36 crores will commence in the next few months. The construction work on a new bridge in Karur across the Amaravathi river at a cost of Rs.12 crores will commence shortly. The preliminary work on the Pulicat bridge which has been a longstanding demand will be taken up next year.

58. Accepting the request of this Government, the previous Government at the Centre had notified the conversion of 217 KM of the State highway from Nagapattinam to Karur, 150 KM of State highway from Salem to Ulundurpet and 171 KM of State highway from Pondicherry to Krishnagiri, totalling 538 kilometres of State highways as National highways.

59. Allocation of funds for maintenance of the roads in the State has been increased from Rs.228 crores in the current year to Rs.254 crores in the next year.

TRANSPORT

60. In the current year 3974 new buses have been purchased for replacing the old buses and operating buses in new routes. A provision of Rs.200 crores has been made as additional share capital to the State Transport Corporations towards the purchase of 3,600 buses next year.

61. In the last budget, I had announced the decision to permit plying of mini buses by private operators in interior rural areas where bus services are not operated. In pursuance of this decision, more than 300 applications have been received, 14 permits have been issued so far and the remaining applications will be considered and decisions taken soon.

62. The first phase of work on the Chennai Rapid Transit System from Chennai Beach to Luz at a cost of Rs.260 crores has been completed and the train services have commenced. The work on the second phase for a length of 10.3 kilometers between Luz and Velacheri at an estimated cost of Rs.605 crores will commence next year. The State Government will bear two thirds of the expenditure on this work.

63. Keeping in view the growing requirements of air traffic in Chennai city, it is proposed to establish a new international airport as a joint venture with private sector investment. Tamil Nadu Industrial Development Corporation will be undertaking a detailed feasibility study in consultation with the Ministry of Civil Aviation, Government of India.

64. Additional land is required for expansion of the existing international airport at Chennai. Responding to our request, Ministry of Defence, Government of India has transferred an extent of 1.75 acres of land adjacent to the international airport to the Airports Authority of India.

ELECTRICITY

65. In the next financial year, the plan outlay of Tamil Nadu Electricity Board will be increased to Rs.903 crores. For this, the State Government will provide Rs.250 crores as equity investment to the Electricity Board. The Electricity Board will obtain the balance funding from financial institutions.

66. In a situation where, apart from the North Chennai Thermal Power Project started by this Government in 1989-90, no new projects for generating power have been established, power purchase agreements for 5792 MW of power have been signed with private power companies after this

government assumed office again. Of these, Basin Bridge power project with a capacity of 196 MW will start producing electricity next year. The construction work on the 250 MW Lignite based power project at Neyveli, the 330 MW natural gas based power project at Pillaiperumalnallur, the 1050 MW North Chennai thermal power project phase II, the 525 MW thermal power project at Thoothukkudi and diesel power projects at Samayanallur and Samalpatti with a total capacity of 212 MW will commence during the next year.

67. Having regard to the fast growing demand for electricity and the fact that completing big power projects and generating power would take atleast a few years, it was decided to implement 20 liquid fuel power projects which could generate power within a short period. However, as the Central Government did not allocate the required liquid fuel to Tamil Nadu, only 5 projects generating 488 MW power are likely to be implemented. We will continue to urge the Central Government to allocate additional liquid fuel.

68. The Tamil Nadu Electricity Board will be spending Rs.436 crores in the current year on transmission and distribution works as well as on works to stabilise voltage and reduce line losses. The allocation for these works has been increased to Rs.465 crores next year.

INDUSTRIES AND EMPLOYMENT

69. The policies of this Government conducive to industrial development, transparent decision making and highly skilled human resources have attracted investors from other Countries and States to Tamil Nadu.

70. Tamil Nadu Industrial Development Corporation has been actively working on implementing several big projects jointly with private entrepreneurs.

71. Tamil Nadu Industrial Development Corporation is taking steps for setting up a petro chemical industrial park and 2.5 million tonnes per annum liquefied natural gas terminal cum 2000 MW power plant at Ennore, a 500 MW lignite power project at Jayamkondam and a petroleum refinery project at a cost of Rs.2650 crores at Cuddalore.

72. The high technology industrial park in Tirunelveli district at a project cost of Rs.700 crores with an anticipated investment Rs.7000 crores in new industries to be established in the industrial park will transform Tirunelveli district into a industrial growth centre. Land acquisition Work for this project is in progress.

73. With a view to providing lands to industrial entrepreneurs, 7156 acres of land are being acquired by Tamil Nadu Industrial Development Corporation, 8,444 acres by Tamil Nadu Corporation for Infrastructure Development and 10,733 acres by State Industries Promotion Corporation of Tamil Nadu in Kancheepuram, Thiruvallur, Vellore, Tiruvannamalai, Dharmapuri, Thoothukudi, Erode, Tirunelveli and Dindigul districts.

74. For encouraging the growth of computer software, computer hardware industries and allied activities, we have announced an "Information Technology Industry Policy". TIDCO is taking steps jointly with ELCOT to establish a software technology park in 7.5 acres area at Taramani in Chennai. This project would provide world class facilities for software firms.

75. As annnounced in the last Budget speech, with a view to creating necessary infrastructure for information technology and becoming a pioneer in the world in the field of information technology in the 21st century, the 'Tamil Nadu Institute of Information Technology' has been established. The campus of this Institute will be located at Taramani. Till permanent buildings are constructed, this Institute will start functioning from the premises of Electronics Corporation of Tamil Nadu at Perungudi from the next academic year. An allocation of Rs.5 crores has been provided in the next year for this project.

76. The Government has decided to develop Chennai as a major business-cum-financial centre of the country. For this purpose, Tamil Nadu Corporation for Industrial Infrastructure Development will establish a business-cum-financial centre at a cost of Rs.100 crores.

77. The construction work on a factory manufacturing optical fibre cables at a cost of Rs.24 crores in Maraimalainagar, an auto ancillaries industrial park with an outlay of Rs.150 crores near Maraimalainagar, a Particle Board Factory at a cost of Rs.125 crores in Villupuram district and a synthetic

wood factory to be established at Irungattukottai at a cost of Rs.45.70 crores will commence during the next year.

78. The Hyundai car factory, with a production capacity of 1,20,000 cars per annum, will commence production in October 1998. 2800 persons will get direct employment in this factory and 9750 persons in the ancillary industries.

79. It is proposed to establish a Small Industries Technology Centre in Chennai at a cost of Rs.2 crores through the joint efforts of the Government of Tamil Nadu, Central Government and associations of Small Industries. This Technology Centre will assist small industries in the production of high quality products at low prices. As State Government's share, a sum of Rs.30 lakhs has been allocated in the next year for this scheme.

80. As announced in the last Budget session, a Textile Policy has been formulated for the first time. This policy will be effectively implemented for the integrated growth of handloom, powerloom and mill sectors and increasing exports and cotton production.

81. The co-operative spinning mills which were functioning well earlier suffered heavy losses during the previous regime. In order to restructure their functioning, a study was undertaken with the assistance of experts. I discussed this issue recently with the Minister for Handlooms and the officials. Based on this, schemes for the revival of these 18 spinning mills would be formulated shortly in consultation with NABARD. All efforts will be taken to make the cooperative spinning mills function well again with the cooperation of the workers and banks.

ENVIRONMENT AND FORESTS

82. Under the Tamil Nadu Afforestation Project, an allocation of Rs.50 crores was provided for afforestation works in 63,576 hectares in 1997-98. A provision of Rs.104 crores has been made for afforestation works in 86,030 hectares in 1998-99.

83. 56 common effluent treatment plants are being established benefiting 2504 polluting industrial units in various parts of Tamil Nadu. In order to obtain the views of the public before environmental clearance is given by the Government for industries, Government has ordered the setting up of "Public Hearing Panels" in the districts.

84. For the Centrally Sponsored Scheme of abatement of pollution in the Cauvery river in the towns of Bhavani, Kumarapalayam, Erode, Pallipalayam and Tiruchi, a provision of Rs.8 crores has been provided for the next year. Schemes for improving the environment of Kodaikannal and Udhagamandalam lakes at a cost of Rs.47 crores have been sent to the Central Government. After obtaining the approval of the Central Government, they will be implemented in the next financial year.

EDUCATION

85. As announced in the last year's Budget, 168 new primary schools have been opened. Further, 41 primary schools have been upgraded as middle schools, 71 middle schools as high schools and 80 high schools as higher secondary schools. In the current year, Rs.11.50 crores for constructing additional class rooms in 297 Government high and higher secondary schools, Rs.10 crores for construction of laboratories in 119 Government higher secondary schools, and Rs.1.44 crores for constructing toilets in 200 Government girls high and higher secondary schools have been sanctioned.

86. Out of 700 hamlets without primary schools in Tamil Nadu, new primary schools will be opened in 300 hamlets in the next financial year and 400 in the following year thereby ensuring that there will be no hamlet without a primary school in Tamil Nadu. In the next financial year, it has been decided to upgrade 200 primary schools into middle schools, 80 middle schools into high schools and 40 high schools into higher secondary schools.

87. As against an allocation of Rs.2,938 crores in the current year, allocation for education in the next year has been increased to Rs.3,568 crores. A provision of Rs.3.52 crores has been made for starting computer courses in 50 higher secondary schools. An allocation of Rs.10 crores has been provided for construction of additional class rooms in 500 schools and a provision of Rs.10 crores made for construction of laboratories in 300 schools.

88. Provision for supplying free uniforms to the students has been increased from Rs.45 crores in the current year to Rs.57 crores in the next year. **At present free text books are being given only to students getting noonmeal. From the next academic year onwards, all students studying in Government, aided and local body schools from 1st to 5th standard will be given free text books.** For supply of free text books to the students, a provision of Rs.25 crores has been made for the next year. The scheme of free bus pass to students introduced by this government continues to be implemented. A provision of Rs.66 crores has been made for this scheme in the next year.

89. Accepting the recommendation of Dr. Anandhakrishnan Committee on the functioning of self financing colleges, a novel single window system of admission of students to Engineering Colleges in Tamil Nadu has been introduced in the current year. The students, parents and the public have welcomed and appreciated the system. Under this system, the students are allotted branches in the first year itself on the basis of merit and options given by them along with admission to colleges of their choice. This system has brought an end to the commercialisation of allotment of branches in the beginning of the second year by self financing engineering colleges. This single window system will be introduced in the polytechnics also in the next year. The high level committee's other recommendations are under consideration of the Government.

90. The Technician Education project with World Bank assistance is being implemented in our State at a cost of Rs.95 crores. This project assists in modernisation of the Government and aided polytechnics in our State by providing buildings, hostels, laboratories, equipments, books, computers and new curricula. A provision of Rs.21 crores has been made for this project for the next year.

TAMIL OFFICIAL LANGUAGE AND CULTURE

91. This Government commenced the work of writing of the history of Tamil Nadu and its publication in 1970. Till now, three volumes and a part of the fourth volume have been published. The Government has reconstituted the expert committee and expedited this project of writing the history of Tamil Nadu. A sum of Rs.5 lakhs has been provided for this scheme in the current year.

92. As announced by me last year, in order to cultivate interest in music and art in young students, music schools have been started at Salem, Tiruchi, Tiruvarur, Tirunelveli and Pudukkottai in this year. They are imparting training to students in Vocal Music, Bharathanatyam, Nadaswaram, Thavil, etc. Music schools will be started in five more districts in the next year.

93. A department of Music was functioning in Raja's College, Thiruvaiyaru under the control of Thanjavur Chatram administration. This department has been separated and accorded the status of a college and is functioning as a Government Music College in Thiruvaiyaru.

94. As the Government had nationalised the works of Tamil scholars and paid appropriate amounts to their families in the past, this year also, the works of Tamil Thenral, Sentamil semmal and labour leader Thiru.Vi.Ka. will be nationalised and an amount of Rs.20 lakhs paid to his descendants.

95. On the eve of the centenary of Professor. Kalki, who wrote many works of fiction in Tamil about the history, art, culture and valour of Tamils, an amount of Rs.20 lakhs will be provided to nationalise his works.

96. Rs.2 lakhs will be granted by the Government for the welfare of the family of late Elangovan alias Thanikachalam who was a great writer and script writer for films.

97. A grant of Rs.5 lakhs is being provided for the publication of a 6000 page full Tamil translation of 'Das Kapital' and 'Surplus Value' of Karl Marx for the first time in an Indian language by Vellore K. Raghavan Jamadagni, one of the leading Tamil literateur who had undergone long imprisonment for Indian independence.

HEALTH AND FAMILY WELFARE

98. The provision for the health sector has been increased from Rs.877 crores in the current year to Rs.1096 crores in the next year. **Buildings with a new type design are being constructed for 652 Primary Health**

Centres at a cost of Rs.49.68 crores. Of these, 296 buildings will be completed by the end of this month. The remaining buildings will be completed in the next year. With this, all the 1408 Primary Health Centres in this State will function in permanent buildings. Besides this, new buildings for 200 health sub centres have been sanctioned at a cost of Rs.9 crores.

99. I had announced in the last Budget speech that Industrial houses had come forward to adopt Primary Health Centres for proper maintenance. In the meeting conducted by me with the Industrialists of Tamil Nadu on this, they have evinced keen interest to participate in this scheme. In the first phase, 40 primary health centres will be handed over to the industrial houses for maintenance.

100. The maintenance of Government Hospitals and Dispensaries has been given due importance and a sum of Rs.23.6 crores has been provided in the Budget. A sum of Rs.106 crores has been provided for medicines for the next year.

101. The Reproductive and Child Health project with World Bank aid of Rs.23.14 crores is being implemented in Madurai and Theni districts. The State Government has been taking several measures to reduce the infant mortality from the present level of 54 per 1000 live births.

102. It gives me great satisfaction to mention that Tamil Nadu has brought down the birth rate to 19.2 per 1000 persons on a purely voluntary basis and this achievement has become a model for the other States to emulate.

NUTRITION

103. The Tamil Nadu Integrated Nutrition Project implemented with World Bank assistance with an outlay of Rs.425 crores has come to an end in December, 1997. Under this project 14.31 lakh children in 318 blocks in 24 districts have benefited. Even after December 1997 this scheme is being continued with Central and State funds.

104. An allocation of Rs.464 crores has been provided in 1998-99 for the State Government's Nutritious Meal Programme. This scheme benefits 73.41 lakh children. Eggs which were given once a fortnight under the scheme will be given once a week from the next year onwards.

WELFARE OF WOMEN

105. The provision of Rs.55 crores allocated for the development of women in the current year will be increased to Rs.91.20 crores in the next year.

106. The State Women Development Project being implemented in 14 districts of the State this year will be implemented in another 7 districts next year. A sum of Rs.12 crores has been provided for this Project in the next year. As the Women's Development Project implemented in 8 districts with financial assistance from the International Fund for Agricultural Development will come to a close by the end of December, 1998, these 8 districts will also be included in the State Women's Development Project.

107. In the current year, the Government sanctioned Rs.53.15 crores under the Moovalur Ramamirtham Ammaiyar Ninaivu Thirumana Thittam benefiting 53,145 brides. **The allocation for the next year has been increased to Rs.60 crores to benefit 60,000 brides.** In response to the appeal made by the Government, donations for Rs.5.16 crores have been received from the public for this scheme.

108. Like information technology, bio-technology is a developing technology capable of creating increased employment opportunities. This technology enables commercial production of a number of products through innovative processes at low cost. With a view to securing the benefits of this technology to our State within a short period and providing self employment opportunities to women entrepreneurs, a Biotechnology Park will be established exclusively for women entrepreneurs at Kelambakkam.

ADI DRAVIDAR AND TRIBAL WELFARE

109. Alongwith providing quality education to Adidravidars, necessary steps will be taken to increase the number of beneficiaries under various welfare schemes for Adi dravidars. During the current year, the provision for Adidravidar and tribal welfare is Rs.334 crores. This is being increased to Rs.434 crores in the next year.

110. Computer education has been started in 51 Adidravidar higher secondary schools and 9 high schools at a cost of Rs.180 lakhs during the current year. 40 hostels have been opened benefiting 2000 students.

111. A provision of Rs.172 lakhs has been made in the current year to construct permanent buildings for Adidravidar welfare schools. Further, for the construction of buildings for the Adidravidar girls' hostels, a sum of Rs.8.50 crores has been provided.

112. Job oriented training in subjects like computers, typewriting and shorthand, legal practice, plastic technology, etc. is being given to Adidravidar youth.

113. Next year 50 Adidravidar and tribal welfare residential primary schools will be upgraded with basic facilities at a cost of Rs.1.13 crores. Further 6 middle schools will be upgraded as high schools and 6 high schools as higher secondary schools.

114. The food charges given by the Government in colleges and polytechnic hostels have been enhanced from Rs.250 to Rs.300 per month per student with effect from 1-10-1997. This will be increased to Rs.400 per month.

115. Government has issued orders that the backlog of vacancies reserved for Scheduled Castes and Scheduled Tribes should be filled up. It has now been assessed that there are 662 such unfilled vacancies and of this, appointments have been made for 54 vacancies so far. Action has been taken to fill up the remaining vacancies. To monitor the reservation, a High Level

Committee of Members of Legislative Assembly has been formed. This committee has completed the review of 80 out of 110 departments with the Heads of Department, and the Secretaries. The Committee will help in proper implementation of the rule of reservation.

116. Efforts will be undertaken to arrange for loans at concessional rates of interest to Adi Dravidars for starting industries by developing THADCO on the lines of a bank.

117. An important objective of the Government is construction of quality houses and provision of house sites to all Adidravidars. A provision of Rs.68 crores has been made to different departments to provide necessary basic facilities. The Government will implement a three year plan to provide all basic necessities to the tribal habitations.

WELFARE OF BACKWARD CLASSES AND MOST BACKWARD CLASSES

118. In the current year, a provision of Rs.64.32 crores has been made for the welfare of Backward Classes and Most Backward Classes. Next year this will be increased to Rs.90 crores.

119. During the current year, 40 hostels for Backward class students and 22 hostels for Most Backward class students have been started. During the current year new buildings with all facilities have been constructed for 13 hostels. Next year 25 hostels for Backward class students will be opened. Further 7 Backward classes hostels and 8 Most Backward classes hostels will be constructed.

120. The food charges given by the Government in colleges and polytechnic hostels has been enhanced from Rs.250 to Rs.300 per month per student with effect from 1.10.1997. This will be increased to Rs.400 per month. Annual income limit of parents for admission of students in hostels which was Rs.15,000 has been increased to Rs.50,000 in the current year.

121. Under the economic upliftment scheme, job oriented training programmes like computer training, heavy vehicle driving, typewriting and shorthand are being implemented. During the current year, the students strength for computer training has been increased from 175 to 1000 and for heavy vehicle driving from 250 to 2000.

WELFARE OF HANDLOOM WEAVERS

122. This Government has issued orders in the current year to implement a scheme for giving monthly pension of Rs.150 to the members of the primary weavers co-operative societies who have completed 60 years of age. Under this scheme, 96,000 handloom weavers will get the benefit on attaining 60 years of age.

123. With a view to safeguarding the welfare of handloom weavers, the State Government has created an enforcement wing to enforce the Reservation of Articles for Production Act, 1985. This will function at Salem, Tiruchengodu, Erode, Tiruppur and Madurai.

124. On the 23rd, I had announced on the floor of the Assembly that a Committee would be formed to go into the problems arising out of the accumulation of stocks due to unsold handloom cloth and had stated that the said Committee would submit its report to the Government within one month. Accordingly, a Committee is being constituted. The Committee will consist of Thiru J. Suddhanandan from Erode, Thiru P.N. Subramanian, M.L.A., Arcot, Thiru. E.A.S. Raman, M.L.A., Pallipattu, Thiru N. Periyasamy, M.L.A., Perundurai, Thiru R. Thamaraikani, M.L.A., Thiruvilliputhur, Thiru S.S. Perumal of Vandavasi and the Additional Secretary, Finance Department. This Committee will submit its report to the Government before the first of May. Government will take appropriate action on the report.

WORKERS' WELFARE

125. The recommendations of the committees formed to study the problems of unorganised sector workers as mentioned in the last Budget speech have been received. Unorganised workers do not get the benefit of various labour welfare schemes. Hence, with a view to providing welfare benefits like sickness insurance maternity grant and

pension, a state level unorganised labour welfare board, with representation for employers, workers and the Government will be established next year and several welfare schemes implemented. About 25 lakh workers in 43 unorganised employments like head load workers, match industry workers, handloom weavers outside the co-operative fold, workers in power looms, brick making, dyeing, cashewnut processing, coir, construction of pandals, Appalam making, synthetic gem cutting, goldsmiths, haircutting, laundries, pottery, printing presses, cooks, hotel workers, workers in private shops and establishments, tailors, drivers of cycle rickshaws, autorickshaws and taxis and salt pan workers will get several welfare benefits under this scheme.

126. With a view to protecting the welfare of the workers of the factories under closure, like Binny and Dunlop, talks with their managements are continuing.

SOCIAL SECURITY SCHEMES

127. This Government has been implementing a number of social security schemes for the weaker sections. The monthly pension being given based on age to various disadvantaged sections like weavers, fishermen, landless agricultural labourers, widows, destitute women and the physically handicapped will be enhanced from Rs.100 per month to Rs.150 per month. For this purpose, an allocation of Rs.150 crores will be provided in the next year.

128. For the supply of free sarees and dhoties during the Pongal festival to families living below poverty line and Sri lankan Tamils living in the refugee camps, a provision of Rs.100 crores has been made.

129. Awareness has been created about the rules relating to the abolition of bonded labour. A survey was undertaken with the assistance of voluntary organisations from January 1997 to identify bonded labour in all the districts and 25,008 bonded labourers have been identified. Government has sanctioned Rs.5 crores as State's share for their rehabilitation. The Central Government's share is awaited.

HOUSING

130. During the current year, Tamil Nadu Housing Board will complete construction of 14,840 houses. In the next year, it has been proposed to construct 15,000 houses at an estimated cost of Rs.252 crores.

131. With a view to providing housing facilities for the Hon'ble Judges of the High Court, this Government has decided to construct 30 Bungalows at a cost of Rs.13.7 crores.

132. During the current year, Tamil Nadu Slum Clearance Board will complete the construction of 2,000 multi storeyed tenements for slum dwellers. In the next year, it has been proposed to construct 3,000 multi storeyed tenements at a cost of Rs.30 crores. Further, basic amenities will be provided to 30,000 families living in the slum areas in Chennai and other towns, at a cost of Rs:3 crores during the next year. With a view to relocating slum dwellers in objectionable slums in Chennai, 6,500 tenements are being constructed at an estimated cost of Rs.60 crores at Okkiam Thuraipakkam near Chennai.

133. Damage to the lives and property of the poor is caused by the fire accidents which occur now and then in slums in urban areas. With a view to preventing the thatched roof huts catching fire frequently, the Government will undertake to provide asbestos roofs in place of thatched roofs, in the municipal corporations of Chennai, Coimbatore, Madurai, Salem, Tiruchy and Tirunelveli in the first phase. Necessary funds will be provided from next year onwards.

GOLDEN JUBILEE YEAR OF INDEPENDENCE

134. As announced by me, in connection with the Golden Jubilee of our Independence, with a view to creating a casteless society, **Samathuvapurams** are being established at 50 places all over the State as a first phase. A provision of Rs.17.5 crores has been made next year for this scheme.

135. In this Golden Jubilee year of Indian Independence, as a gesture of honouring the freedom fighters in our State, this Government has enhanced the monthly financial assistance from Rs.1,500 to Rs.3,000. After their demise, assistance at the rate of Rs.1,500 per month will be given to their wives or dependants. This will apply to Tamil Savants also. This scheme is being implemented from 15.8.1997.

136. In this Golden Jubilee Year of Indian Independence, with a view to remembering those who sacrificed their lives for social justice, an amount of Rs.1 lakh each will be granted to the families of the more than 20 persons who lost their lives in the police firing during the agitation for 20 percent reservation for the Most Backward classes in 1987.

137. A sum of Rs.30 lakhs has been sanctioned for the construction of Martyrs Manimandapam near Gandhi Mandapam, Chennai to honour the martyrs in the Golden Jubilee year of independence. In commemoration of their memory, a memorial for the Golden Jubilee Year of Independence has been constructed near the War Memorial on Kamarajar Salai in Chennai.

138. Government has sanctioned Rs.50 lakhs for renovation of the house in which stage artist Tyagi Viswanatha Das lived and construction of wedding hall and a library in that building.

139. This Government has sanctioned Rs.50 lakhs for the renovation of the house where the freedom fighter Veeran Poolithevan lived at Nelkattumcheval village in Tirunelveli District, without affecting its heritage making it into a memorial and for construction of a marriage hall, park, etc.

140. For the descendants of the freedom fighter Veeran Sundaralingam who lived in Governagiri near Panchalankuruchi in Thoothukudi district the Government has implemented a scheme called "Veeran Sundaralingam Memorial Village, Governagiri" for the construction of 200 houses and providing facilities like road, park, library, electricity, etc. at a cost of Rs.1.05 crores.

141. The work on the construction of a memorial at C.P.Ramaswamy park in Nagercoil to commemorate the memory of the communist leader Jeeva at a cost of Rs.15.50 lakhs has been completed.

142. In connection with the centenary of Netaji Subash Chandra Bose, a statue of Netaji Subash Chandra Bose has been installed in Chennai at a cost of Rs.7.40 lakhs and was opened on 15.12.1997.

143. After considering the judgement of the court on the construction of Dr. Ambedkar Manimandapam and taking expeditious decision, the work relating to the construction of the Manimandapam in Chennai will commence soon.

144. A sum of Rs.84.94 lakhs has been sanctioned for carrying out the renovation and improvements in Valluvar Kottam which was in a dilapidated condition during the intervening period and the works are in progress.

HINDU RELIGIOUS AND CHARITABLE ENDOWMENTS ADMINISTRATION

145. Honourable Members may be aware that a Committee has been constituted under the chairmanship of the Chief Minister to tone up the administration of the temples. The Committee consisting of religious leaders and Tamil scholars has made several suggestions to improve the temple administration, protect the temple properties and to augment the income from these properties. Following the amendment made to the Act, by taking steps in the last year 316 grounds of house sites, 257.56 acres of vacant land and 1355.07 acres of cultivable lands have been recovered. The total value of such lands is Rs.125.43 crores.

HIGH COURT BENCH AT MADURAI

146. Land acquisition work taken up for establishing the High Court Bench at Madurai is nearing completion. After consulting the High Court construction work will commence soon.

WELFARE OF GOVERNMENT EMPLOYEES

147. You are aware that it was this Government, which is concerned with the welfare of its employees, extended the Central scales of pay to State Government employees for the first time in 1989. The report submitted by the Official Committee set up to consider extending the revised pay scales implemented by the Central Government for its employees based on the recommendations of the Fifth Pay Commission to the State Government employees including the Police Department and the teachers, was examined. I have had discussions with the associations of Government employees and teachers individually as well as jointly. Taking into consideration their demands and the financial position of the State Government, the following decisions have been taken.

148. The revised Central Government pay scales corresponding to the existing 25 State payscales will be granted. The 40 percent fitment benefit granted by the Central Government will be extended to all the full time and part-time State Government employees. These revised scales of pay will be given with effect from the same date, viz., 1-1-1996, as granted to Central Government employees.

149. State Government employees will be paid the same rates of City Compensatory Allowance as granted to Central Government employees.

150. As regards House Rent Allowance, larger number of employees are benefitted under the State Scheme as compared to the Central Government Scheme. According to the Central Government Scheme, employees working within city limits only are allowed city rates of House Rent Allowance. However, under the State Scheme, employees workng within city limits as well as in the belt areas around a city are granted city rates of House Rent Allowance. Further, the prevailing rates of House Rent Allowance in the State Government are not based on the Central Government rates of House Rent Allowance. **However, taking into consideration the demands made by Government Employees' associations, the present rates of House Rent Allowance will be doubled. The enhanced rates of these allowances will be paid from 1-4-1998.**

151. The Central Government has classified Chennai as 'A-1' class city for the purpose of payment of City Compensatory Allowance and as 'A' class city for payment of House Rent Allowance. Since Chennai is considered as one of the four metropolitan cities in our country, we request the Central Government to classify Chennai as 'A-1' class city.

152. The State Government pensioners and family pensioners will be paid revised pension with effect from 1-1-1996 as granted to Central Government pensioners and family pensioners. They will be given 40 percent increase over the existing pension. The minimum pension and family pension will be Rs.1275 per month. Calculation of gratuity and the commuted portion of pension will be revised as in the Central Government. 60 percent of the arrears due to pensioners and family pensioners will be retained and will be repaid with interest after 5 years. The balance 40 percent will be paid in cash in two instalments.

153. The above decisions will result in an additional expenditure of Rs.1230 crores per annum to the Government. The arrears to be paid will be about Rs.2400 crores. Interim arrears of Rs.4000 to Government employees, Rs.1000 to pensioners and Rs.500 to employees on consolidated pay and honorarium have already been paid. This will be adjusted against the arrears to be paid to them. As the grant of arrears along with next year's expenditure will result in considerable financial strain and since the Government is not in a position to meet this expenditure in the present financial situation, it has been decided to credit 60 percent of the arrears to the employees' Provident Fund and the balance arrears will be paid in cash in two instalments. The amount credited to Provident Fund will be paid with interest after 5 years.

154. These decisions will also apply to the employees and pensioners of Local Bodies.

155. I wish to point out that Tamil Nadu Government is the first southern State government to grant the revised Central scales of pay to State Government employees.

156. A One Man Commission will be constituted to examine anomalies, if any, in the implementation of these revised scales of pay and submit its recommendations to the Government within three months.

157. In commemoration of the Golden Jubilee year of Indian Independence, a scheme will be implemented from the next year onwards for awarding medals, promotion, cash award, etc., then and there based on the circumstances and the deeds, for policemen and Government servants who perform their duty under dangerous and special circumstances with a sense of duty and sacrifice, risking their lives.

NINTH FIVE YEAR PLAN

158. Tamil Nadu is the one of the few States which has achieved the approved outlay of the Eighth Five Year Plan. For the Ninth Five Year Plan, the Union Planning Commission has accorded its approval for an outlay of Rs.25,000 crores. For the current year the outlay approved by the Union Planning Commission is Rs.4009 crores. The State Planning Commission has recommended an outlay of Rs.4,500 crores for the next year. This will be finalised after discussions with the Union Planning Commission. In anticipation we will implement the next year's annual plan based on a Plan size of Rs.4,500 crores.

FINANCIAL POSITION

159. When the budget for 1997-98 was presented to the House in March, 1997 the revenue receipts were Rs.12,641.05 crores and the revenue expenditure was Rs.14,377.62 crores. Due to this, the revenue deficit was Rs.1736.57 crores. In the revised estimates for 1997-98 the revenue receipts have increased to Rs.13,418.40 crores and the revenue expenditure to Rs.14,893.59 crores. Due to this, the revenue deficit has decreased to Rs.1475.19 crores.

160. In Budget estimates for 1997-98, it had been estimated that the overall deficit will be Rs.498.38 crores. But in the revised estimates for 1997-98 this deficit has decreased to Rs.3.31 crores.

161. In the Budget estimates for 1998-99, the revenue receipts are estimated at Rs.15,039.46 crores and revenue expenditure at Rs.18,048.04 crores. Due to this, it has been estimated that the revenue deficit will increase to Rs. 3008.58 crores. Provision of additional allocation in 1998-99 budget

estimates for the pay revision to government employees and devolution of funds to the local bodies and payment of pension are the main reasons for this increase.

162. The overall deficit in respect of all accounts in budget estimates for 1998-99 has increased to Rs.876.67 crores.

163. It is essential to undertake suitable measures of taxation and expenditure control to bridge the revenue deficit.

MOTOR VEHICLE TAX

164. The tax on contract carriages (Omni buses) is raised from Rs.1,500 per seat per quarter to Rs.2,000 per seat per quarter.

165. The system of lifetime tax for two wheelers introduced to avoid the hassles faced while paying annual tax for motor vehicles has been working well. On the same lines it has been decided to introduce this lifetime tax system in respect of four wheel motor vehicles. New vehicles will be compulsorily subject to lifetime tax. Persons already owning such vehicles will have the option of paying the lifetime tax in lieu of annual tax. Necessary amendment to the relevant Act will be introduced.

COMMERCIAL TAXES

166. As you are aware, this Government has been granting tax concessions for essential commodities which are in daily use. It is the policy of this Government to reduce the tax burden on commodities used by the poor and the middle income group.

Accordingly

* **Tax on copra is reduced from 2% to 1%.**

* **Tax on food products without brand name manufactured by bakeries in reduced from 8% to 4%.**

* Tax on masala powder without brand name commonly used for cooking is reduced from 16% to 4%.

* Tax on branded masala powder is reduced from 16% to 11%.

* Tax on branded icecream is reduced from 16% to 11%.

* In order to encourage extraction of oil from rice bran exemption is granted for sale of de-oiled rice bran.

* Tax on dust, husk splits and brokens of peas and peas dhall is reduced from 11% to 4% in line with similar commodities.

* Exemption is granted for oils used for cooking like groundnut oil, cocount oil, ginger oil, refined oil and sunflower oil.

* As this Government is reviving the eye camp programme, Intra Ocular Lens will be exempted from tax.

* Kasini Keerai used for medicinal purpose will be exempt from tax.

* Tax on cement hollow block is reduced from 16% to 4%. This would pave the way for economising construction material and reduction of the cost of construction.

* Information Technology industry in Tamil Nadu is making rapid progress. At this juncture of many software companies commencing their operation in Tamil Nadu, Computer Software is granted exemption from sales tax.

* Rubber industry has been seeking concessions under section 3(3) of the General Sales Tax Act for purchase of raw rubber. As the sale is made by planters who are non assessees this concession is not available. To provide relief to the industry, it is proposed to allow to be set off in the tax liability of the products, an amount equal to the purchase tax paid on raw rubber above the concessional rate. The conditions of section 3(3) will be applicable in this case also.

* **Consequent on the concessions granted last year in local sales of notebooks made out of paper purchased within the State, exemption on inter State sales tax is not available. Based on the representations received in this regard, it is proposed to exempt from tax inter-State sales of notebooks made out of paper which suffered tax in the State.**

* **In the last two years, Government has taken several measures to simplify the taxation, structure, Rigors of taxation have been reduced for the honest tax payers by simplification of procedures. As a continuing step in this direction, it is proposed to accept accounts of traders with sales turnover above Rs.10 lakhs and below Rs.20 lakhs on basis of audit and certification by a chartered accountant. 10% of these cases will be test checked by the department. It is also proposed to raise the turnover limit for registration of traders from Rs.75,000/- to Rs.1,50,000/-. By these changes more than 19,000 small traders will be benefited.**

167. Enhancement of the rate of tax of certain commodities is unavoidable to bridge the deficit in the Budget. Yet while making these changes in tax rate the welfare of the people and the tax burden on them will be kept in mind. Based on this policy, a few changes have been proposed this year.

168. The tax on Indian Made Foreign Liquor is increased from 30% to 40% and on Foreign Liquor from 60% to 70%.

169. Tax on pan masala is increased from 20% to 30%.

170. Due to the different rates of entry tax for dealers and nondealers purchase of vehicles outside the State is continuing. Therefore the entry tax for a nondealer is increased to the level of entry tax for dealers.

171. Two years ago certain changes in additional sales tax were introduced. The increase in the basic tax to compensate the reduction in additional sales tax has not been adequate. With this background, certain

changes in the tax structure in additional sales tax payable by companies having their headquarters in Tamil Nadu have been proposed:

> Companies with a taxable turnover above Rs.25 crores and upto Rs.50 crores will be subject to an additional sales tax of 1.5%. Companies with a taxable turnover above Rs.50 crores and upto Rs.100 crores will be subject to an additional sales tax of 2%. There will be no tax liability for companies with a taxable turnover upto Rs.25 crores.

172. To reduce evasion of tax and to increase sales within the State, certain reductions in tax were made last year. It was announced that if on review these changes did not lead to an increase in tax revenue, suitable changes will be made. Tax on sale of man made fibre and yarn was reduced from 8% to 2%. As the yield has fallen contrary to expectations, tax is raised to 8% again.

173. It is proposed to bring the amusement parks within the ambit of entertainment tax. Tax at the rate of 20% on the collections made from the visitors to the parks will be levied. 90% of the levy will accrue to the local bodies.

ADDITIONAL RESOURCES

174. We need more resources for providing essential facilities required by the public. Budgetary resources are insufficient for provision of these facilities. The Committee constituted under the Chairmanship of Thiru S.Venkitaramanan, Member, State Planning Commission to advise the Government on mobilisation of extra - budgetary resources has given its recommendations.

175. The Committee has recommended that it will be possible to raise additional resources by implementing the small savings scheme intensively. By involving local bodies in this scheme, it is proposed to make available a part of the additional loan obtained by the Government based on additional net collection of small savings as an incentive amount to enable them to undertake investment in basic facilities in their areas.

176. As recommended by the Committee, State Government Undertakings will raise resources by issue of bonds in the capital market from next year onwards for investment in infrastructure projects. Other recommendations of the Committee are under consideration of the Government.

177. Even after taking into account the anticipated additional resources of Rs.340 crores proposed to be mobilised through the above taxation measures, the final overall deficit will be Rs.536.67 crores. This is proposed to be bridged through effective collection of arrears of taxes and economy measures.

178. Hon'ble Speaker Sir, as I present this Budget before this House, I express my heartfelt thanks to the Government officials who worked with me offering their suggestions and untiring cooperation in the preparation of this Budget, especially Thiru P.V. Rajaraman, I.A.S., the Finance Secretary.

179. This budget has been prepared seeking the support and good wishes of all kind hearted people of this Country for the success of the endeavour in formulating and implementing laudable schemes of an enlightened, sincere, corruption free and determined Government.

180. If all of us march together, pledged to preserve equality, fraternity, religious harmony and human dignity, with pride that this is a society full of love, peace and culture and where men of wisdom with hearts tormented by sharp differences on the basis of caste and religion, wipe the tears off their faces and beam with joy, then we will blossom as fragrant flowers in the garden of Indian democracy; we shall, like a bountiful river bring prosperity to Tamil Nadu; we shall remain one of the States adding strength to the Indian nation. With these words, I present this Budget before this august House.

VANAKKAM

M. KARUNANIDHI,
CHIEF MINISTER.

Chennai,
27th March, 1998,
Panguni 13,
Thiruvalluvar Aandu, 2029.